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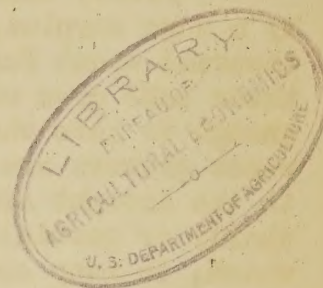
Discussion Statement No. 10 September 1934  
Material suggested for use in developing discussion  
of problems of agricultural adjustment.

United States Department of Agriculture  
Agricultural Adjustment Administration  
Washington, D. C.

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THE A.A.A. - INVENTORY

Address of Chester C. Davis, Administrator  
of the Agricultural Adjustment Act, over  
nation-wide hookup of Columbia Broadcasting  
System, 9:45 to 10:00 p. m., Thursday,  
August 30, 1934.



I want to take inventory, with the farmers of America, of the work they have done under the Agricultural Adjustment Act.

Congress adopted this law a year ago last May. Since then more than three million farmers, producers of wheat, cotton, corn, hogs and tobacco, have joined hands in the greatest voluntary farm cooperative movement in history - a totally new form of cooperation in productive effort. This in itself is a signal achievement by farmers. The results have been outstanding.

Farm Income Billion Dollars Higher

In spite of the worst drought in history, total farm cash income for this crop year, including rental and benefit payments to cooperating farmers, will be close to a billion dollars more than that of last year. Gains greater than the average have been made in the great basic crops. And farmers are on the threshold of accomplishment of the real objective of their program. If they hold their ground, the price equality of their products with goods and services farmers buy, for which they have contended for years, can be achieved and maintained.

Let me interject this thought. A restored American-farmer market means more employment in the cities and a quickened pulse beat for industry and commerce throughout the land. Let us not forget that uncontrolled farm production, with bankruptcy prices the lowest in recorded history and enormous surpluses of unsaleable wheat and cotton, tobacco, and meat, was attended in 1932 and early 1933 by the longest breadlines, and the greatest unemployment, in our history. The present farm program points to the nation's welfare --if his crops can exchange at a fair price, the American farmer will do his part toward making and keeping our nation the best-fed and best-clothed in the world.



Now, what have those three million farmers been doing in the 15 months since the Adjustment Act was passed?

### Reduction of Surpluses Being Accomplished

First, take wheat. Farm prices in 1932 and early 1933 were weighed down by a huge surplus, with a carryover of nearly 400 million bushels. Six hundred thousand wheat farmers signed up in a campaign to adjust acreage. The value of their 1933 crop went up more than 200 million dollars. For those farmers lucky enough to have wheat to sell, prices now are above pre-war, and all cooperating wheat growers are getting their benefit payments which are of the greatest help in the drought areas. Those farmers so unfortunate as to have their wheat crop wholly or partially destroyed by the drought have received benefit payments which, in many cases, represented practically their entire income.

Cotton, with a world supply of around 26 million bales, or two years' American crop, was selling at five to six cents a pound in March, 1933. More than one million contracts were signed by cotton farmers. Including rental and benefit payments, cotton growers in 1933 doubled their 1932 income. This year there was a 94 percent sign-up. Cotton now is selling for about 12 cents a pound.

In 1932, tobacco stocks were far over consumptive demand. Eleven voluntary programs have been developed to adjust supplies of the different types. Tobacco farmers received for their 1932 crop only 107 million dollars. The return jumped to 207 millions in 1933-34, including benefit and rental payments. Prices in the first markets to open this year have been above parity.

The program for corn and hogs was the greatest undertaken. American exports for pork had dwindled to one-third their former volume, shut out by quotas, tariffs and embargoes, while more and more supplies were backed up on the home market. This beat down prices to levels that spelled ruin to the corn belt. But 1,200,000 farmers joined the adjustment program. We realized, and the farmers realized, that this would be an enormous job. Delays, and irritations, and some individual inequities, were inevitable. The market effect of livestock adjustment takes time. But we must not look at the trees so closely we cannot see the forest.

Right now, the corn belt is on the threshold of the opportunity to reap the benefits of its corn-hog campaign. In spite of the drought's effect in rushing supplies to market, market prices have risen as the program has taken effect. Those of you who watch the market quotations know what the packers are paying now for hogs. Benefit payments are going out to the corn belt in volume, and by early next year are expected to approach 300 million dollars.

I can only mention the program for rice, and the marketing agreements and licenses for fruits and vegetables, nuts, and dairy products, which have spread the effects of the Adjustment Act to nearly a million farmers in addition to the three millions helped by adjustment programs. Adjustment programs for producers of sugar and peanuts are well on their way to actual operation. I can only touch on the fact that loans of approximately \$160,000,000 enabled



440,000 cotton farmers to carry over four million bales of cotton to better prices; and that 275,000 corn growers borrowed approximately \$120,000,000 on 270 million bushels of corn which has doubled in price since the loans were made.

#### Program Subjected To Severe Test

The farmers' program has been subjected this year to a test of terrible severity -- a test in the fire of the worst drought ever known in our history.

The old way was to let the farmer face such disaster bare-handed and alone, without government help, except perhaps some loans. Through emergency agencies, created by a responsive government, the shock of the drought on regions and individuals has been softened, and the load diffused throughout the nation.

The nearly half billion dollars in benefit payments dispensed or on the way to the drought states have turned out to be the finest kind of crop income insurance. The Administration was able to move promptly to the aid of cattlemen when the drought struck feed supplies. More than three and one half million cattle which would have starved or died from thirst have been purchased. All edible meat is being saved for relief distribution by Emergency Relief, so that the cattle market for all farmers, in and out of the drought areas, has been protected against collapse under a rush of distress animals. The program of buying sheep is already under way. Seed, feed and breeding stock are being conserved for a new start for farmers next year.

The farmers are passing out of the emergency phase of agricultural adjustment when emphasis was on crop reduction to eliminate unsalable surpluses. They now face a new day with new problems. Drought has hastened the adjustment. Wheat carryover next year will be down to normal. Cattle purchases will knock the top off the cattle cycle. The cotton market is in so much better shape that increased plantings may be possible next year. Tobacco stocks will be down close to normal. The hog grower is getting his business in order.

# THE HISTORY OF THE UNITED STATES

The history of the United States is a story of a people who have grown from a small colony of settlers to a great nation of free men and women.

The story begins with the first settlers who came to the New World in search of a better life. They found a land of opportunity and freedom, and they built a nation that has stood the test of time.

The story continues with the struggles of the early years, the fight for independence, and the growth of the young nation. It is a story of courage and sacrifice, of a people who have always stood for the principles of liberty and justice for all.

The story ends with the present day, a nation that has grown into a great power, a nation that has led the world in many ways. It is a story of a people who have never stopped growing, a people who are always looking forward to the future.